

# UNMASKING THE ILLUSIONS OF E-COMMERCE: A CRITICAL EXAMINATION OF CONSUMER EXPLOITATION, ETHICAL FAILURES, AND LEGAL DEFICIENCIES IN DIGITAL TRADE

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## Abstract

E-commerce is often presented as a symbol of efficiency, accessibility, and consumer empowerment; however, behind this digital convenience lies a complex structure of consumer vulnerability. In Indonesia, the scale of digital trade is significant, with e-commerce transactions reaching IDR 453.75 trillion and 3.71 billion transactions in 2023, while the Ministry of Trade recorded 7,707 consumer reports, including 6,018 complaints, in the same year. These figures indicate that the growth of digital trade has not been fully accompanied by effective consumer protection mechanisms. This article critically examines the illusions of e-commerce by analyzing consumer exploitation, ethical failures, and legal deficiencies in digital sale transactions. Using a juridical-normative and conceptual approach, this study evaluates the issue through consumer protection law, Islamic commercial ethics, human rights norms, and public policy. The analysis argues that consumer exploitation in e-commerce emerges through information asymmetry, misleading advertising, hidden costs, weak refund mechanisms, unfair standard contracts, and limited platform accountability. From the perspective of Islamic law, such practices conflict with the principles of honesty, transparency, mutual consent, and the prohibition of *gharar* and *tadlis*. From a human rights perspective, inadequate consumer protection undermines the right to information, economic justice, and effective remedy. Although Indonesia has issued regulations on electronic commerce, including rules on licensing, advertising, supervision, and business actors in electronic trading, regulatory enforcement remains challenged by platform complexity, cross-border transactions, and unequal bargaining power between consumers and digital businesses. Therefore, this article argues that justice in digital trade requires stronger legal reform, ethical business accountability, consumer education, and public policy that places consumer dignity at the center of e-commerce governance.

**Keywords:** e-commerce, consumer protection, consumer exploitation, ethical failure, digital trade, Islamic commercial law, human rights, public policy.

## INTRODUCTION

In recent years, e-commerce has been hailed as a revolutionary force in the global economy, offering consumers unprecedented access to goods and services. However, behind the convenience and digital transformation lies a growing body of evidence that points to the exploitation of consumers, ethical failures, and legal deficiencies in digital trade. As the digital marketplace expands, these issues are becoming increasingly apparent, particularly in Indonesia, where e-commerce transactions reached an astounding IDR 453.75 trillion in 2023, encompassing 3.71 billion transactions. Despite this rapid growth, the Indonesian Ministry of Trade received 7,707 consumer reports in 2023, with 6,018 complaints related primarily to issues in digital transactions such as misleading advertising, hidden charges, and disputes over product quality (Liputan6, 2023). While e-commerce is often marketed as an efficient, transparent, and consumer-friendly alternative to traditional trade, it is fraught with challenges. A growing body of evidence suggests that consumers face information asymmetry, where businesses hold far more knowledge about products and services than the consumers themselves. This imbalance leads to deceptive practices, including false advertising, hidden terms, and misleading product descriptions. Moreover, many e-commerce platforms employ complex terms and conditions that are often unclear to consumers, which further exacerbates consumer exploitation. These issues are compounded by weak regulations and jurisdictional challenges, especially in cross-border transactions, where international platforms escape the reach of local consumer protection laws. According to Harper & Zhao (2023), the lack of regulatory oversight in cross-border e-commerce and the failure of international laws to

keep pace with digital trade leave consumers vulnerable to fraud and misrepresentation (Harper & Zhao, 2023). In addition to these regulatory gaps, there is a growing ethical concern about the role of business ethics in digital transactions. Many businesses exploit vulnerable consumers by using manipulative marketing strategies, such as bait-and-switch tactics, where consumers are drawn in by misleading advertisements, only to be confronted with additional, hidden costs at the checkout. This is a direct violation of the right to fair information, which is fundamental to consumer protection in e-commerce. The Islamic legal framework offers a unique perspective on these ethical failures, emphasizing principles such as mutual consent, transparency, and honesty in commercial transactions. According to Al-Khuli (2022), Islamic commercial law provides an ethical foundation that can be applied to digital trade, which would require businesses to fully disclose all product details and avoid misleading practices such as *gharar* (uncertainty) and *tadlis* (fraud) (Al-Khuli, 2022). Furthermore, human rights norms have a critical role to play in ensuring justice in e-commerce. The International Covenant on Economic, Social, and Cultural Rights (ICESCR) guarantees the right to just and favorable conditions of work, which can be extended to consumer rights in digital trade. According to Bishop & Benford (2022), the right to access accurate information, protection from fraud, and the right to an effective remedy in case of consumer harm are essential elements of human rights that need to be incorporated into consumer protection laws, particularly in digital transactions (Bishop & Benford, 2022).

Despite these international frameworks and principles, Indonesia's Consumer Protection Law (No. 8 of 1999) and Trade Law (No. 7 of 2014) do not adequately address the challenges presented by digital trade, leaving gaps in protection. These laws primarily address traditional market practices and have not evolved to fully protect consumers in the digital age. A report by Bank Indonesia in 2023 revealed that unfair marketing practices, product misrepresentation, and poor refund policies are rampant on e-commerce platforms, and existing legal frameworks do not adequately penalize these practices (Bank Indonesia, 2023). This paper argues that justice in digital trade requires a comprehensive and integrated approach that combines legal reform, ethical trade practices, and human rights protections. Drawing on Islamic commercial principles, human rights frameworks, and global policy recommendations, the study proposes actionable solutions to bridge the existing gaps in consumer protection within digital commerce. By integrating these frameworks into e-commerce regulations, a more transparent, fair, and just digital marketplace can be established, where consumers are empowered, and businesses are held accountable for ethical violations.

## LITERATURE REVIEW

The rapid growth of e-commerce has transformed the global marketplace, but it has also raised significant concerns about consumer exploitation, ethical violations, and legal deficiencies in digital trade. This section explores existing literature on consumer protection in digital transactions, ethical issues in e-commerce, and the limitations of current legal frameworks in addressing these challenges. It also investigates the potential role of Islamic law and human rights principles in improving consumer rights and protections in e-commerce. E-commerce in Indonesia has surged dramatically, with IDR 453.75 trillion in transactions recorded in 2023, a 29% increase from the previous year (Bank Indonesia, 2023). However, this growth has exposed consumers to various exploitative practices, including misleading advertising, hidden fees, fraudulent product claims, and complex refund policies. According to the Ministry of Trade of Indonesia, 7,707 consumer complaints were recorded in 2023, with 6,018 complaints specifically regarding e-commerce transactions (Liputan6, 2023). These figures underscore the gaps in consumer protection and the growing need for effective regulation to address unfair trade practices.

Studies have shown that current legal frameworks in many countries, including Indonesia, are ill-equipped to handle these digital trade challenges. The Consumer Protection Law (No. 8 of 1999) and the Trade Law (No. 7 of 2014) primarily target traditional trade and do not account for the complexities of online transactions, especially in cross-border contexts. As highlighted by Harper & Zhao (2023), the jurisdictional challenges in digital commerce, particularly in cross-border e-commerce, limit the effectiveness of national laws in protecting consumers from fraud and unethical business practices (Harper & Zhao, 2023). The illusion of a fair and transparent marketplace in e-commerce often hides the reality of consumer exploitation. Many digital platforms engage in deceptive practices, such as bait-and-switch tactics, where consumers are lured with low prices but are presented with higher charges at checkout. Grewal & Roggeveen (2022) note that these tactics are exacerbated by information asymmetry, where businesses possess more knowledge about the products than the consumers, creating an imbalance of power that exploits the consumer's lack of knowledge (Grewal & Roggeveen, 2022).

Furthermore, hidden terms and non-transparent pricing are rampant in digital transactions. Consumers often agree to long-term commitments or subscriptions without being fully informed about the costs involved. This is compounded by complex terms and conditions that are difficult for most consumers to understand. Harper & Zhao (2023) argue that these practices are unethical and should be addressed by clearer, simplified contracts and more transparent business practices (Harper & Zhao, 2023). One of the core ethical failures in e-commerce is the misrepresentation of products. *Tadlis* (fraudulent misrepresentation) is explicitly prohibited in Islamic law, and modern digital platforms frequently violate this principle by providing false or incomplete information about products or services. Hassan & Khan (2023) highlight that Islamic law emphasizes honesty, clarity, and transparency in trade, principles that can be applied to digital platforms to combat these ethical failures (Hassan & Khan, 2023).

Islamic commercial law provides a moral and ethical framework that can significantly enhance consumer protection in digital trade. Islamic law insists on principles such as mutual consent, honesty, transparency, and fairness in transactions, and its prohibition of *gharar* (excessive uncertainty) and *tadlis* (fraud) directly addresses the ethical challenges in modern digital commerce. According to Al-Khuli (2022), these principles aim to eliminate information asymmetry and prevent deceptive practices in trade, which are widespread in e-commerce platforms. By applying Islamic commercial principles, digital platforms can be required to disclose all relevant information about products and services, including total costs, terms of service, and refund policies (Al-Khuli, 2022). Furthermore, Islamic law's emphasis on fairness and equity can guide businesses in ensuring that no party is exploited in digital transactions. For example, *gharar*, which refers to any contract containing excessive uncertainty, would prevent practices such as hidden charges, ambiguous product descriptions, and unclear return policies that frequently deceive consumers. Islamic law's prohibition of fraud also aligns with the growing calls for greater business accountability in the digital marketplace, which is critical to reducing unethical business practices.

The integration of human rights principles into consumer protection laws is essential to ensuring that consumers' rights are upheld in the digital marketplace. ICESCR emphasizes the right to just and favorable conditions of work and the right to protection from exploitation in economic transactions, both of which are directly relevant to e-commerce. Bishop & Benford (2022) argue that the lack of human rights protections in current consumer laws allows businesses to exploit consumers without facing sufficient legal consequences. They highlight that e-commerce platforms should be required to respect consumers' rights to privacy, accurate information, and redress in the event of disputes (Bishop & Benford, 2022). A critical human rights concern is the right to access effective remedies when consumers are wronged. Consumers in digital markets are often unaware of their rights and face significant barriers in accessing effective redress. Human rights frameworks emphasize the right to an effective remedy, which includes fair and transparent dispute resolution mechanisms. The absence of standardized complaint systems and affordable legal recourse for consumers in digital trade creates a justice gap, where consumers are unable to seek redress in cases of fraud or misleading practices. Kern & Taylor (2022) assert that integrating human rights standards into consumer protection law would not only ensure fair treatment but also foster accountability in e-commerce (Kern & Taylor, 2022).

## **METHOD**

This study employs a qualitative, juridical-normative research approach to critically examine the ethical failures, legal deficiencies, and consumer exploitation in digital trade. The first phase involves doctrinal legal analysis, reviewing Indonesian Consumer Protection Law (No. 8 of 1999) and Trade Law (No. 7 of 2014), along with international frameworks like the ICESCR, to identify gaps in current consumer protection regulations in e-commerce. The study also explores the application of Islamic commercial law, particularly *gharar* (uncertainty) and *tadlis* (fraud), to enhance transparency and fairness in digital sales. The second phase involves semi-structured interviews with legal experts, e-commerce representatives, and consumers to gather insights on the practical challenges faced by consumers in online transactions. Interview data will be analyzed using thematic analysis to identify patterns of exploitation and gaps in legal protection. The study aims to provide actionable recommendations for reforming consumer protection laws and integrating ethical principles from Islamic law and human rights frameworks into digital trade regulations.

## **RESULTS AND DISCUSSION**

### **A. Legal Gaps in Consumer Protection in Digital Trade**

The analysis of Indonesia's Consumer Protection Law (No. 8 of 1999) and Trade Law (No. 7 of 2014) reveals a serious mismatch between traditional legal frameworks and the realities of digital commerce. These laws were designed for face-to-face transactions and offline sales, addressing issues such as contractual fairness,

misrepresentation, and fraud in physical markets. However, they fall short of addressing the specific challenges of digital sales, where transactional relationships often occur between consumers and businesses operating from different jurisdictions. This gap is particularly evident when we consider cross-border e-commerce, where foreign platforms selling goods or services to Indonesian consumers often escape local regulations. For instance, Amazon, eBay, and AliExpress are major platforms serving Indonesian consumers, but their operations are governed by foreign laws that may not align with Indonesia's Consumer Protection Law. As noted by Harper & Zhao (2023), the lack of enforceable international regulations in cross-border e-commerce leads to consumer exploitation, as businesses can circumvent local legal protections. Consumers are left with limited recourse in the event of fraudulent activity or misleading marketing practices, as these platforms are often beyond the jurisdiction of Indonesian courts (Harper & Zhao, 2023).

Moreover, hidden fees, misleading advertisements, and unclear product descriptions are widespread in digital commerce but are often not adequately addressed by current consumer protection regulations. The Indonesian Ministry of Trade's report on consumer complaints in 2023, which documented 7,707 consumer reports with 6,018 complaints related to e-commerce transactions, highlights issues such as undisclosed pricing, false product claims, and difficulty in receiving refunds (Liputan6, 2023). A major gap in the legal framework governing digital trade is the jurisdictional issue. Cross-border e-commerce introduces complexities because businesses often operate in foreign countries, making it difficult for Indonesian authorities to enforce consumer protection laws. This creates an environment where international businesses can escape accountability for fraudulent or unethical practices. For instance, international platforms are often not subject to the same strict regulations that local businesses in Indonesia must adhere to, which creates a disparity in consumer protection.

An example of this jurisdictional gap can be seen in the case of Amazon and other global e-commerce platforms that sell products to Indonesian consumers but operate in countries with weaker regulations on consumer rights. As Harper & Zhao (2023) argue, these platforms can bypass Indonesian regulations due to legal loopholes and exemption clauses, which limit the reach of local consumer protection laws. In such cases, Indonesian consumers have no legal recourse if they face fraud or deceptive practices because the platform operates in a different jurisdiction. Furthermore, cross-border sales create challenges in ensuring that dispute resolution mechanisms are effective and equitable, as international platforms often rely on arbitration or other out-of-court settlements that are unfavorable to consumers. ASEAN and international guidelines suggest that digital businesses need to adopt a common standard for consumer protection, but existing laws fail to implement this standard effectively. ASEAN's 2023 Consumer Protection Guidelines call for the creation of harmonized digital trade laws that can regulate businesses operating across borders and ensure equal protection for consumers in all member states (ASEAN, 2023). A significant issue is the lack of enforcement of consumer protection laws in digital trade. While Indonesia's Consumer Protection Law has provisions for addressing misleading advertisements, fraudulent transactions, and unfair business practices, there are few mechanisms in place to enforce these laws in the context of e-commerce. As Stevenson (2023) points out, digital platforms operate in an environment that often lacks robust regulatory oversight. Many platforms operate globally, meaning that they are not bound by Indonesian regulations unless they have a physical presence in the country.

This gap in enforcement becomes apparent when consumers are faced with false advertising, misleading pricing, and difficulties in obtaining refunds from e-commerce platforms. Without proper enforcement mechanisms, businesses may continue to engage in unethical practices without facing legal consequences. Stevenson (2023) argues that platforms should be required to disclose pricing structures clearly, maintain transparent business practices, and adhere to local consumer protection laws, even if they operate internationally (Stevenson, 2023). To address the legal gaps identified in this study, there is a pressing need for comprehensive legal reform in Indonesia. First, Indonesia's existing consumer protection laws should be updated to explicitly address digital transactions. This includes provisions for cross-border e-commerce, clear advertising standards, disclosure of hidden fees, and transparent terms of service. Second, regulatory bodies should develop and implement enforceable regulations that hold e-commerce platforms accountable for misleading marketing and unfair practices. The integration of global standards for digital commerce will help create a more equitable and consumer-friendly marketplace.

Finally, the application of Islamic commercial law principles, such as honesty, fairness, and mutual consent, should be incorporated into Indonesian digital trade regulations. By mandating that e-commerce platforms disclose all relevant product details, provide clear pricing, and ensure transparent business practices, Islamic law could play a pivotal role in promoting ethical digital commerce. Furthermore, human rights principles that ensure consumer dignity and access to effective remedies should be incorporated into consumer protection laws to guarantee that all digital transactions are conducted fairly.

## B. Ethical Failures in Digital Trade

A core issue within e-commerce is the prevalence of deceptive marketing practices, where businesses often engage in strategies designed to manipulate consumer behavior. Bait-and-switch tactics are commonly used by many digital platforms, where consumers are initially attracted by low prices or discounts, only to find significant hidden costs added later in the purchasing process. This includes shipping fees, handling charges, or even mandatory service fees that consumers are only made aware of after they have already committed to the purchase. Grewal & Roggeveen (2022) argue that these practices not only exploit consumer vulnerability but also violate the principle of transparency that underpins ethical commercial transactions. The lack of price clarity in digital sales is a growing concern, especially when consumers are misled into believing they are making a purchase at a lower cost than what they eventually pay (Grewal & Roggeveen, 2022). Additionally, misleading product descriptions are rampant across digital platforms, where businesses provide incomplete, inaccurate, or overly optimistic representations of their products. Consumers often make purchasing decisions based on false claims, whether related to product quality, functionality, or benefits. This not only undermines consumer trust in digital markets, but also raises ethical questions about the integrity of businesses operating in these spaces. Harper & Zhao (2023) emphasize that such practices directly contravene ethical norms in commerce, as they take advantage of consumers' lack of information and naivety, which should be rectified through clearer and more honest marketing practices (Harper & Zhao, 2023).

One of the primary causes of ethical failures in e-commerce is the information asymmetry that exists between businesses and consumers. Consumers are often not provided with the necessary information to make informed decisions. In offline retail environments, consumers can physically inspect products and seek clarification from sales representatives, which mitigates the risks associated with purchasing. However, online environments are vastly different, where consumers rely heavily on product descriptions and online reviews, which are often manipulated by businesses or other consumers. This imbalance leaves consumers in a position of vulnerability, where they are exposed to fraudulent marketing practices without the ability to verify claims effectively. The lack of transparency in terms and conditions, refund policies, and product features means that consumers are often unable to make informed decisions. As Kern & Taylor (2022) note, this information asymmetry is one of the most critical ethical failures in digital trade, as businesses exploit the fact that many consumers do not fully understand the implications of agreeing to complex contracts or hidden fees in the fine print of terms and conditions. The complexity of digital contracts further exacerbates the issue, as consumers are often unaware of their rights to refunds, returns, or dispute resolution mechanisms until they are already in the process of purchasing a product (Kern & Taylor, 2022).

Islamic commercial law offers a unique ethical perspective that can address many of the ethical issues present in digital trade. The principles of fairness, honesty, and transparency in Islamic law form the cornerstone of its commercial transactions. *Gharar* (excessive uncertainty) and *tadlis* (fraudulent misrepresentation) are explicitly prohibited in Islamic law, as these practices directly harm consumers by concealing or distorting information. In e-commerce, this can be applied to address common unethical practices such as misleading product descriptions, hidden charges, and unclear terms of service. Al-Khuli (2022) asserts that applying Islamic law to digital commerce would require businesses to disclose all relevant information about a product, including total costs, product details, and return policies, thereby ensuring that consumers can make informed choices. By adhering to the Islamic principle of mutual consent, both parties in a transaction must be aware of and agree to the terms of the trade, which would significantly reduce misleading marketing and exploitative practices in digital markets (Al-Khuli, 2022).

Moreover, Islamic ethics require that businesses engage in honest marketing practices, ensuring that all advertising claims are accurate and truthful. This aligns with the growing calls for regulation that holds e-commerce platforms accountable for their advertising practices and product representations. As Hassan & Khan (2023) argue, the ethical standards in Islamic commercial law could provide a robust framework for ensuring integrity and transparency in digital transactions, creating a more ethical and trustworthy e-commerce environment (Hassan & Khan, 2023). A significant challenge in addressing the ethical failures in digital trade is the lack of regulatory oversight for digital platforms. While traditional retail businesses are subject to strict consumer protection regulations, e-commerce platforms operate in a less regulated space. This is particularly concerning because digital platforms have access to vast amounts of consumer data, which is often used to manipulate consumer behavior through targeted advertising, personalized recommendations, and even dynamic pricing strategies. Without effective oversight, consumers can be subjected to unfair pricing, deceptive marketing, and privacy violations without any recourse. As Stevenson (2023) argues, digital platforms must be held accountable for misleading practices and consumer manipulation through stronger regulations that ensure consumer rights are protected. The absence of standardized practices for advertising, data usage, and dispute resolution exacerbates the ethical risks in digital commerce, leaving consumers exposed to unethical business practices. Stevenson further emphasizes that, while

some self-regulatory codes exist, they lack the force of law and are often insufficient in protecting consumers from exploitative business practices (Stevenson, 2023).

### **C. Legal Deficiencies and the Need for Reform**

Despite the rapid growth of e-commerce, Indonesia's consumer protection laws remain largely outdated and are not equipped to handle the complexities of digital transactions. While the Consumer Protection Law (No. 8 of 1999) and Trade Law (No. 7 of 2014) provide a foundation for traditional business transactions, they fail to adequately address the specific challenges posed by digital trade. These laws, which were created in a pre-digital economy, lack provisions for addressing issues such as online fraud, hidden fees, misleading advertisements, and cross-border consumer protection in the context of e-commerce. As highlighted by Stevenson (2023), the jurisprudence surrounding digital contracts, electronic signatures, and data privacy is either non-existent or insufficiently developed in Indonesia's consumer protection regulations (Stevenson, 2023). The gap in legal frameworks is particularly problematic in cross-border transactions. Indonesian consumers purchasing from international e-commerce platforms such as Amazon, eBay, and AliExpress are often subject to the laws of the country where the platform is based, and Indonesian consumer protection laws do not apply. This legal discrepancy creates a jurisdictional challenge, where Indonesian consumers cannot seek legal redress for fraudulent transactions or unfair practices involving foreign platforms. As noted by Harper & Zhao (2023), the lack of consistent global consumer protection standards allows businesses to exploit loopholes in local regulations, leaving consumers with limited legal recourse (Harper & Zhao, 2023).

The lack of effective enforcement mechanisms is another critical issue with consumer protection laws in digital trade. While laws like Permendag No. 31/2023 have been introduced to regulate e-commerce platforms and their advertising practices, these regulations remain poorly enforced, and many digital platforms are able to bypass compliance through self-regulation or by operating outside Indonesian jurisdiction. Platforms such as Shopee, Tokopedia, and Bukalapak have self-regulatory codes of conduct, but these codes are often voluntary and lack the force of law. Moreover, regulatory bodies lack the resources to monitor and enforce compliance effectively. One example of weak enforcement is the failure to prevent deceptive practices such as false product descriptions and undisclosed charges. Indonesian consumers regularly report issues with misleading advertisements and hidden fees, but platforms are not sufficiently held accountable. Kern & Taylor (2022) argue that self-regulation by e-commerce platforms is insufficient to prevent unethical practices and that stronger, government-mandated regulations are required to ensure businesses adhere to fair and transparent practices (Kern & Taylor, 2022).

As e-commerce transcends borders, Indonesia faces significant challenges in ensuring that consumers are adequately protected when purchasing goods or services from international platforms. The legal jurisdictional issue in cross-border transactions means that businesses operating from outside Indonesia are often not subject to Indonesian consumer laws, and Indonesian consumers cannot easily seek legal redress for issues arising from transactions with foreign sellers. This situation is exacerbated by the fact that international platforms often offer products or services without adequately disclosing terms, and Indonesian consumers lack access to effective dispute resolution mechanisms. The ASEAN Consumer Protection Guidelines (2023) propose that regional cooperation is necessary to address the challenges posed by cross-border e-commerce. The guidelines call for a standardized regulatory approach across ASEAN countries, where consumer protection laws are aligned, and platforms are held accountable for cross-border transactions. The study suggests that Indonesia should adopt international standards for e-commerce regulation, ensuring that global platforms operating within the country are subject to the same rules and regulations as local businesses. This cross-border regulatory cooperation is essential to ensure consistent consumer protection standards and prevent businesses from exploiting gaps in the jurisdictional enforcement of digital transactions ([ASEAN, 2023](#)).

To address the gaps in consumer protection laws, several key reforms are necessary. First, Indonesia's Consumer Protection Law and Trade Law must be revised to explicitly address the unique challenges of digital commerce. This includes regulations for cross-border e-commerce, data privacy, digital contracts, and electronic signatures. The revised laws should include specific consumer rights in the context of digital transactions, such as the right to clear pricing, product transparency, and right to redress for misleading practices. Stevenson (2023) suggests that clear advertising standards and fair pricing regulations are crucial for protecting consumers in digital trade, as platforms currently lack sufficient accountability and oversight (Stevenson, 2023). Second, cross-border e-commerce should be addressed through international cooperation. Indonesia should push for global standards for e-commerce regulation within ASEAN and internationally, to ensure that businesses operating in Indonesia, regardless of their home country, comply with local consumer protection laws. This could be achieved through the

standardization of consumer protection rules across ASEAN or WTO guidelines, ensuring a consistent and enforceable legal framework for e-commerce transactions. Third, Islamic commercial law principles—especially those relating to honesty, mutual consent, and transparency—should be incorporated into Indonesian law to enhance ethical standards in digital transactions. This would ensure that e-commerce platforms adopt ethical marketing practices, fully disclose pricing structures, and provide clear terms of service to consumers. As Hassan & Khan (2023) argue, integrating Islamic ethics into digital commerce provides a moral foundation for businesses to ensure fair trade and consumer protection (Hassan & Khan, 2023).

#### **D. Human Rights and Consumer Protection in Digital Trade**

In the context of e-commerce, consumers face numerous challenges that can undermine their basic rights, such as the right to information, the right to privacy, and the right to effective remedy. Human rights play a critical role in ensuring that digital trade does not exploit or harm consumers, especially when businesses withhold important information, violate privacy, or engage in unethical practices like deceptive advertising and misleading product descriptions. Human rights frameworks, such as the International Covenant on Economic, Social, and Cultural Rights (ICESCR), emphasize that consumers have a right to protection against exploitation and fraud in economic transactions. The right to accurate and clear information is foundational in ensuring that consumers can make informed decisions when engaging in digital transactions. Yet, in many cases, consumers face information asymmetry, where businesses know far more about the products or services than the consumers, and this imbalance is often used to exploit consumers. As Bishop & Benford (2022) point out, consumer rights in the digital era are inseparable from human rights, and consumer protection laws must be aligned with human rights principles to ensure that consumers are treated fairly (Bishop & Benford, 2022).

Moreover, privacy protection is a critical issue for consumers in the digital marketplace. As businesses gather vast amounts of personal data through online transactions, consumer privacy has become an increasingly important human right. Data protection laws, such as GDPR in the European Union, have been established to ensure that consumer data is handled ethically and that consumers are given control over their personal information. In Indonesia, however, the regulatory framework for data protection in e-commerce is still developing, and digital platforms often collect and use consumer data without clear consent or sufficient transparency. This leaves consumers exposed to the risk of exploitation and privacy violations. Harper & Zhao (2023) argue that a strong consumer protection framework should include robust privacy protections, ensuring that consumers' data rights are respected and that they are informed about how their data is being used (Harper & Zhao, 2023).

A fundamental aspect of human rights in consumer protection is the right to an effective remedy. Consumers must have access to legal avenues for seeking redress when they are harmed by unfair business practices, fraudulent transactions, or misleading advertisements. However, e-commerce presents challenges when consumers seek legal recourse. Cross-border digital transactions complicate access to legal remedies because the business involved may be located in a jurisdiction that does not prioritize consumer rights. For example, Amazon or AliExpress may be subject to different laws in their home countries, and consumers in Indonesia may face difficulty filing complaints or obtaining compensation. Stevenson (2023) highlights that effective consumer protection must ensure that consumers not only have access to information and privacy rights, but also to fair dispute resolution mechanisms. Without these mechanisms, consumers are often left without adequate means of resolving complaints or receiving compensation. The right to remedy is enshrined in human rights law and is reflected in frameworks such as the United Nations Guidelines on Consumer Protection, which emphasize the need for accessible, affordable, and transparent means of resolving consumer disputes (Stevenson, 2023).

Indonesia's current legal framework offers limited options for consumers seeking redress for issues such as fraud, misleading marketing, and data misuse. The Indonesian Ministry of Trade has made strides with regulations such as Permendag No. 31/2023, but enforcement remains weak, and the dispute resolution processes are often cumbersome or unclear. ASEAN has called for regional cooperation to standardize dispute resolution mechanisms across member states and ensure that cross-border e-commerce does not leave consumers without recourse to justice (ASEAN, 2023). To address these human rights concerns, it is essential that human rights principles be integrated into Indonesia's e-commerce regulations. Human rights frameworks provide a basis for ensuring that e-commerce platforms respect consumers' rights to privacy, access to information, and effective redress. The right to privacy should be explicitly protected in digital transactions, requiring e-commerce platforms to be more transparent about their data collection practices and to provide consumers with greater control over their personal information. Similarly, the right to accurate information and informed consent should be ensured by mandating clear labeling and disclosure of all costs in online transactions, including shipping fees, service charges, and return policies. As Bishop

& Benford (2022) suggest, integrating human rights principles into consumer protection law would ensure that businesses are held accountable for their practices and that consumers' rights are respected in digital markets (Bishop & Benford, 2022). Incorporating human rights into digital trade regulations will require cooperation from both national and international bodies to ensure global consistency in protecting consumer rights. ASEAN's recent guidelines on consumer protection in digital commerce emphasize the need for regional cooperation to develop harmonized rules for e-commerce, ensuring that cross-border transactions are also subject to strong consumer protection measures (ASEAN, 2023). Another crucial element in strengthening consumer rights in digital trade is consumer education. Many consumers are unaware of their rights in the digital marketplace, especially concerning privacy protection and the right to redress. Consumer education initiatives should be launched by both government and businesses to inform consumers about their rights in digital transactions and how to protect their personal data. Additionally, consumers should be made aware of the mechanisms available for seeking redress when their rights are violated. As Stevenson (2023) argues, consumer awareness is crucial for empowering consumers to protect themselves and demand their rights in digital trade (Stevenson, 2023).

## CONCLUSION

This study highlights the significant gaps in legal frameworks, ethical failures, and human rights concerns that plague digital trade and e-commerce. Despite the rapid growth of digital transactions in Indonesia and globally, existing laws, such as the Consumer Protection Law and Trade Law, are insufficient to address the complexities of online commerce, especially with regard to cross-border transactions and the lack of effective enforcement mechanisms. Ethical failures in e-commerce, such as deceptive marketing, misleading product descriptions, and hidden fees, undermine consumer trust and lead to widespread exploitation. The information asymmetry between businesses and consumers exacerbates these issues, leaving many vulnerable to fraud and poor decision-making.

Furthermore, the integration of Islamic commercial law principles, such as honesty, transparency, and mutual consent, offers a viable framework for ethical business practices in digital trade. Additionally, human rights principles—particularly the right to privacy, informed consent, and access to remedies—must be incorporated into consumer protection laws to ensure that consumers are adequately protected in the digital marketplace. To address these issues, this study recommends comprehensive legal reform, international cooperation for cross-border e-commerce regulations, and the application of Islamic ethics in digital commerce. By enhancing transparency, accountability, and consumer rights, Indonesia can create a fairer, more ethical, and secure digital marketplace for all consumers.

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